

## **A GUIDE TO SPONSOR OBLIGATION**

This guide provides information on various obligations by airport sponsors through Federal agreements and/or property conveyances. The obligations listed are those generally found in agreement and conveyance documents. Sponsors should be aware, however, that dissimilarities do exist, and are therefore urged to review the actual agreement or conveyance document itself to determine the specific obligations they are subject to.

### **SOURCES OF OBLIGATIONS:**

- a. Grant agreements issued under the Federal Airport Act of 1946, the Airport and Airway Development Act of 1970, and the Airport and Airway Improvement Act of 1982.
- b. Surplus airport property instruments of transfer, issued pursuant to Section 13g of the Surplus Property Act of 1944.
- c. Deeds of conveyance issued under Section 16 of the Federal Airport Act of 1946, under Section 23 of the Airport and Airway Development Act of 1970, and under Section 516 of the Airport and Airway Improvement Act of 1982.
- d. AP-4 agreement authorized by various acts between 1939 and 1944. (Note: All AP-4 agreements have expired; however, sponsors continue to be subject to the statutory exclusive rights prohibition.)
- e. Environmental documents prepared in accordance with current Federal Aviation Administration requirements which address the National Environmental Policy Act of 1969 and the Airport and Airway Improvement Act of 1982.

### **OBLIGATIONS:**

#### **a. Exclusive Rights Prohibition:**

- (1) Airports subject to: Any Federal agreement or property conveyance.
- (2) Obligation: To operate the airport without granting or permitting any exclusive right to conduct any aeronautical activity at the airport. (Aeronautical activity is defined as any activity which involves, makes possible, or is required for the operation of an aircraft, or which contributes to or is required for the safety of such operations; i.e., air taxi and charter operations, aircraft storage, sale of aviation fuel, etc.)
- (3) Duration of obligation: For as long as the property is used as an airport.

#### **b. Maintenance of the Airport:**

- (1) Airports subject to: FAAP/ADAP/AIP agreements, surplus property, conveyances, and certain Section 16/13/516 conveyances.
- (2) Obligation: To preserve and maintain the airport facilities in a safe and serviceable condition. This applies to all facilities shown on the approved ALP which are dedicated for aviation use, and includes facilities conveyed under the Surplus Property Act.

(3) Duration of obligation: Throughout the useful life of the facility but no longer than 20 years from the date of execution of grant agreement. For facilities conveyed under the Surplus Property Act, the obligation continues only for the useful life of the facility. In either case, FAA concurrence for discontinuance of maintenance is required.

c. **Operation of the Airport:**

(1) Airports subject to: FAA/ADAP/AIP agreements and surplus property conveyances.

(2) Obligation: To operate the aeronautical and common use areas for the benefit of the public and in a manner that will eliminate hazards to aircraft and persons.

(3) Duration of obligation: Twenty years from the date of execution of the grant agreement. Obligation runs with the land for surplus property conveyance.

d. **Protection of Approaches:**

(1) Airports subject to: FAA/ADAP/AIP agreements and surplus property conveyances.

(2) Obligation: To prevent, insofar as it is reasonably possible, the growth or establishment of obstructions in the aerial approaches to the airport. (The term “obstruction” refers to natural or man-made objects which penetrate the imaginary surfaces as defined in FAR Part 77, or other appropriate citation applicable to the specific agreement or conveyance document.)

(3) Duration of obligation: Twenty years from the date of execution of the grant agreement. Obligation runs with the land for surplus property conveyance.

e. **Compatible Land Use:**

(1) Airports subject to: FAAP (after 1964)/ADAP/AIP agreements.

(2) Obligation: To take appropriate action, to the extent reasonable, to restrict the use of lands in the vicinity of the airport to activities and purposes compatible with normal airport operations.

(3) Duration of obligation: Twenty years from the date of execution of the grant agreement.

f. **Availability of Fair and Reasonable Terms:**

(1) Airports subject to: Any Federal Agreement or property conveyance.

(2) Obligation: To operate the airport for the use and benefit of the public to make it available to all types, kinds, and classes of aeronautical activity on fair and reasonable terms and without unjust discrimination.

(3) Duration of obligation: Twenty years from the date of execution for grant agreement prior to 1964. For grants executed subsequent to the passage of the Civil Rights Act of 1964, statutory requirement prohibiting discrimination remains in effect for as long as the property is used as an airport. Obligation runs with the land for surplus property and Section 16/23/516 conveyances.

g. **Adherence to the Airport Layout Plan:**

(1) Airports subject to: FAAP/ADAP/AIP agreements.

(2) Obligation: To develop, operate, and maintain the airport in accordance with the latest approved airport layout plan. In addition, airport land depicted on the latest property map (Exhibit “A”) cannot be disposed of or otherwise encumbered without prior FAA approval.

(3) Duration of obligation: Twenty years from the date of execution of grant agreement.

**h. Utilization of Surplus Property:**

(1) Airports subject to: Surplus property conveyances.

(2) Obligation: Property conveyed under the Surplus Property Act must be used to support the development, maintenance and operation of the airport. If not needed to directly support an aviation use, such property must be available for use to produce income for the airport. Such property may not be leased or rented at a discount or for nominal consideration to subsidize non airport objectives. Airport property cannot be used, leased, sold, salvaged, or disposed of for other than airport purposes without FAA approval.

(3) Duration of obligation: Runs with the land.

**i. Utilization of Section 16/23/516 lands:**

(1) Airports subject to: Section 16/23/516 conveyances.

(2) Obligation: Property must be used for airport purposes; i.e., uses directly related to the actual operation or the foreseeable aeronautical development of the airport. Incidental use of the property must be approved by the FAA.

(3) Duration of obligation: Runs with the land.

**j. Sale or Other Disposal of Property Acquired Under FAAP/ADAP/AIP:**

(1) Airports subject to: FAAP/ADAP/AIP agreements.

(2) Obligation: To obtain FAA approval for the sale or other disposal of property acquired under FAAP/ADAP/AIP, as well as approval for the use of any net proceeds realized.

(3) Duration of obligation:

(a) At locations where the most recent grant agreement was executed prior to January 2, 1979, all land acquired under FAAP/ADAP/AIP (regardless of the project under which it was acquired) and designated as airport property on the latest Exhibit “A”, is subject to the above obligation for 20 years from the date of execution of that most recent grant.

(b) At locations with grant agreements executed on or after January 2, 1979, all land acquired under FAAP/ADAP/AIP (regardless of the project under which it was acquired) and designated as airport property on the latest Exhibit “A”, remains subject to the above obligation without time limitation. The standard 20-year grant obligation period does not apply.

(4) Special Condition Affecting Noise Land: At locations with grant agreements involving land acquired for noise compatibility to dispose of such land at the earliest practicable time following designation by FAA, with net proceeds returned to the airport.

k. **Utilization of Airport Revenue:**

(1) Airports subject to: Any Federal Agreement or property conveyance.

(2) Obligation: To apply revenue derived from the use of airport property toward the operation, maintenance, and development of the airport. Diversion of airport revenue to a non airport purpose must be approved by the FAA. (NOTE: Airports that have received AIP funds in some cases may expend funds for the capital or operation costs of the airport, the local airport system, or other local facilities which are owned or operated by the owner or operator of the airport, and directly related to the actual transportation of passengers or property. Contact your Airports District Office for additional information and approval.)

(3) Duration of obligation: Twenty years from the date of the grant agreement. Obligation runs with the land for surplus property and Section 16/23/516 conveyances.

(4) Special Conditions Affecting Noise Land and Future Aeronautical Use Land: At locations with grant agree

l. **National Emergency Use Provision:**

(1) Airport subject to: Surplus property conveyances (where sponsor not released from this clause.)

(2) Obligation: That during any war or national emergency, the government has the right of exclusive possession and control of the airport.

(3) Duration of Obligation: Runs with the land (unless released from this clause by the FAA.)

m. **Fee and Rental Structure:**

(1) Airports subject to: FAAP/ADAP/AIP agreements.

(2) Obligation: To maintain a fee and rental structure of the facilities and services being provided the airport users which will make the airport as self-sustaining as possible. (Note: Fair and reasonable for aeronautical activities and fair market value for all others.)

(3) Duration of obligation: Twenty years from the date of execution of the grant agreements.

n. **Preserving Rights and Powers:**

(1) Airports subject to: FAAP/ADAP/AIP agreements.

(2) Obligation: To not enter into any transaction which would operate to deprive it of any of the rights and powers necessary to perform any or all of the sponsor assurances without FAA approval, and will act promptly to acquire, extinguish or modify any outstanding rights or claims of right of others which would interfere with such performance by the sponsor. To not dispose of or encumber its title or other interests in the site and facilities for the duration of the terms, conditions, and assurances in the grant agreement without FAA approval.

(3) Duration of Obligation: Twenty years from the date of execution of the grant agreements.

o. **Environmental Requirements**: The Airport Airway Improvement Act of 1982 requires that for certain types of project, an environment review be conducted. The review can take the form of either an environmental assessment or an environmental impact statement. These environmental documents often contain commitments related to mitigation of environmental impacts. FAA approval of environmental documents containing such commitments have the effect of requiring that these commitments be fulfilled before FAA grant issuance or as part of the grant.

p. The above obligations represent the more important and potentially the most controversial of the obligations assumed by an airport sponsor. Other obligations that may be found in grant agreements are:

- Use of Government Aircraft
- Land for Federal Facilities
- Standard Accounting Systems
- Reports and Inspections
- Consultation with Users
- Terminal Development Prerequisites
- Construction Inspection and Approval
- Minimum Wage Rates
- Veterans Preference
- Audits, Audit Reports and Record keeping Requirement
- Local Approval
- Civil Rights
- Construction Accomplishment
- Planning Projects
- Good Title
- Sponsor Fund Availability